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April 21, 2014

**VIA ELECTRONIC FILING**

Dr. Burl W. Haar  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, MN 55101-2147

Re: In the Matter of Minnesota Power's 2013 Remaining Life Depreciation Petition  
Docket No. E015/D-13-275

Dear Dr. Haar:

On April 17, 2014, Commission Staff filed Briefing Papers, which on page 8 state:

Staff recommends the Commission ask the Company and the Department to clarify the agreement made between the two parties in Docket No. E-015/D-10-223 as the written record is limited in that case. On the one hand, the Company stated, "This plan will provide strategic context for developing the assertions and assumptions for the useful lives, decommissioning probabilities and salvage rates used in completing a meaningful study".

Minnesota Power is happy to clarify the context of that statement, which was made in our June 11, 2010 Responsive Comments in the 2010 Remaining Life Depreciation Petition (Docket No. E-015/D-10-223). The issue in that petition concerned the use of decommissioning probabilities, not decommissioning costs. Our response to the Department's (OES') comments were as follows:

Based upon OES' concerns, Minnesota Power agrees with OES' recommendation to revise the probability of decommissioning on Boswell Unit 4 from the 75% probability filed in the annual depreciation petition to the 50% OES recommends. Minnesota Power will use this decommissioning probability until such time as Minnesota Power develops or commissions a study to support its decommissioning probability assertions and makes such assertions and study available to the Minnesota Public Utilities Commission ("Commission") in a subsequent depreciation related filing.



Minnesota Power agrees with OES that the Company should perform a specific study to support the various assertions with respect to depreciation related items such as unit decommissioning probabilities. While OES recommends a date certain approach to this study, *Minnesota Power would propose completing such a study at a period of time subsequent to the submittal of the Company's next Integrated Resource Plan. This plan will provide a strategic context for developing the assertions and assumptions for the useful lives, decommissioning probabilities and salvage values used in completing a meaningful study. (Emphasis added).*

Accordingly, Minnesota Power did not have an agreement with the Department on obtaining an updated decommissioning study, or imply that one would be included in its next remaining life depreciation petition. This information was provided only in the context of decommissioning probabilities. Our comments proposed obtaining an updated study subsequent to our next Integrated Resource Plan – which would be our normal 5-year update. That next Integrated Resource Plan was the 2013 Plan. Therefore, the timing of the proposed study would be subsequent to the 2013 Integrated Resource Plan, and would coincide with our historical five year updated decommissioning study. This updated decommissioning study was filed with our 2014 remaining life depreciation petition.

The Commission order in the 2010 Remaining Life Depreciation Petition required Minnesota Power to “Conduct an external study for decommissioning to be submitted within 90 days of Minnesota Power’s next integrated resource plan filing pursuant to Minn. Stat. Section 216B.2422”. This was the 2011 Baseload Diversification Study Support filed by Minnesota Power in the Resource Plan docket.

Please contact me at the number above should you have any questions related to this matter.

Yours truly,

A handwritten signature in black ink, appearing to read 'C. Anderson', written over a white background.

Christopher D. Anderson

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c: Service List

STATE OF MINNESOTA     )  
  ) ss  
COUNTY OF ST. LOUIS    )

AFFIDAVIT OF SERVICE VIA  
ELECTRONIC FILING

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Kristie Lindstrom of the City of Duluth, County of St. Louis, State of Minnesota, says that on the 21<sup>st</sup> day of April, 2014, she served Minnesota Power's Responsive Comments in Docket No. E015/D-13-275 to the Minnesota Public Utilities Commission and the Energy Resources Division of the Minnesota Department of Commerce via electronic filing. The remaining parties on the attached service list were served as so indicated on the list.

/s/ Kristie Lindstrom

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Subscribed and sworn to before  
me this 21<sup>st</sup> day of April, 2014.

/s/ Mary K Johnson

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Notary Public - Minnesota  
My Commission Expires Jan. 31, 2016

| First Name | Last Name | Email                         | Company Name                       | Address  | Delivery Method    | View Trade Secret | Service List Name      |
|------------|-----------|-------------------------------|------------------------------------|--|--------------------|-------------------|------------------------|
| Julia      | Anderson  | Julia.Anderson@ag.state.mn.us | Office of the Attorney General-DOC | 1800 BRM Tower<br>445 Minnesota St<br>St. Paul,<br>MN<br>551012134 | Electronic Service | Yes               | OFF_SL_13-275_Official |
| Debra A    | Davey     | ddavey@allete.com             | Minnesota Power                    | 30 W Superior St<br><br>Duluth,<br>MN<br>55802                     | Electronic Service | No                | OFF_SL_13-275_Official |
| Sharon     | Ferguson  | sharon.ferguson@state.mn.us   | Department of Commerce             | 85 7th Place E Ste 500<br><br>Saint Paul,<br>MN<br>551012198       | Electronic Service | No                | OFF_SL_13-275_Official |
| Burl W.    | Haar      | burl.haar@state.mn.us         | Public Utilities Commission        | Suite 350<br>121 7th Place East<br>St. Paul,<br>MN<br>551012147    | Electronic Service | Yes               | OFF_SL_13-275_Official |
| John       | Lindell   | agorud.ecf@ag.state.mn.us     | Office of the Attorney General-RUD | 1400 BRM Tower<br>445 Minnesota St<br>St. Paul,<br>MN<br>551012130 | Electronic Service | Yes               | OFF_SL_13-275_Official |
| David      | Moeller   | dmoeller@allete.com           | Minnesota Power                    | 30 W Superior St<br><br>Duluth,<br>MN<br>558022093                 | Electronic Service | No                | OFF_SL_13-275_Official |